

SENATE BILL No. 203

February 24, 2011, Introduced by Senators CASWELL, MARLEAU and BIEDA and referred to the Committee on Reforms, Restructuring and Reinventing.

A bill to amend 1957 PA 261, entitled
"Michigan legislative retirement system act,"
by amending sections 50b, 75, and 79 (MCL 38.1050b, 38.1075, and
38.1079), sections 50b and 75 as amended by 1998 PA 501 and section
79 as amended by 2006 PA 614, and by adding section 79a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 50b. (1) For a retirant or a survivor or beneficiary of a
2 deceased retirant, or for a deferred vested member if that deferred
3 vested member first became a member on or before January 1, 1995,
4 the retirement system shall purchase and pay the premium for
5 hospitalization and medical insurance coverage and dental and
6 vision coverage for the retirant, deferred vested member, and the
7 spouses, eligible children, and survivors of those retirants and
8 deferred vested members. Except as otherwise provided in this
9 section, the retirement system shall provide hospitalization and

1 medical insurance coverage and dental and vision insurance coverage
2 under this section at a level that is equal to or greater than the
3 level of insurance coverage under this section in effect on
4 December 1, 1992. The retirement board may increase the amounts
5 each person who is enrolled in insurance coverage under this
6 section is required to pay for co-pays or deductibles under that
7 insurance coverage.

8 (2) On and after March 31, 1997, the retirement system shall
9 also pay health insurance premiums described in this section in the
10 manner prescribed in section 79 **AND, ON AND AFTER JANUARY 1, 2011,**
11 **IN THE MANNER PRESCRIBED IN SECTION 79 OR 79A, WHICHEVER IS**
12 **APPLICABLE.**

13 Sec. 75. (1) A qualified participant is immediately 100%
14 vested in his or her contributions made to Tier 2. A qualified
15 participant shall vest in the employer contributions made on his or
16 her behalf to Tier 2 according to the following schedule:

17 (a) Upon completion of 2 years of service, 50%.

18 (b) Upon completion of 3 years of service, 75%.

19 (c) Upon completion of 4 years of service, 100%.

20 (2) A qualified participant **WHO WAS FIRST ELECTED TO THE**
21 **LEGISLATURE BEFORE JANUARY 1, 2011** is vested in the health
22 insurance coverage provided in section 79 if the qualified
23 participant meets 1 of the following requirements:

24 (a) The qualified participant has completed 6 years of service
25 as a qualified participant and was not a member, deferred vested
26 member, or former nonvested member of Tier 1.

27 (b) The qualified participant was a member, deferred vested

1 member, or former nonvested member of Tier 1 who made an election
2 to participate in Tier 2 pursuant to section 61, and who has met
3 the service requirements he or she would have been required to meet
4 in order to vest in health benefits under section 50b.

5 (c) The qualified participant meets all of the following
6 requirements:

7 (i) Was not a member, deferred vested member, or former
8 nonvested member of Tier 1.

9 (ii) Was first elected to fill a vacancy in the house of
10 representatives for a period less than the full term but more than
11 1/2 of the term of office.

12 (iii) Has completed 5 years of service as a qualified
13 participant.

14 Sec. 79. (1) A former qualified participant **WHO WAS FIRST**
15 **ELECTED TO THE LEGISLATURE BEFORE JANUARY 1, 2011** may elect health
16 insurance benefits in the manner prescribed in this section if he
17 or she meets both of the following requirements:

18 (a) The former qualified participant is vested in health
19 benefits under section 75(2).

20 (b) The former qualified participant meets 1 of the following
21 requirements:

22 (i) He or she meets or exceeds the benefit commencement age
23 employed in the actuarial present value calculation under section
24 62 and the service requirements that would have applied to that
25 former participant under Tier 1 for receiving health insurance
26 coverage under section 50b, if that former participant was a member
27 of Tier 1.

1 (ii) He or she is 55 years of age or older.

2 (2) A former qualified participant who is eligible to elect
3 health insurance coverage under subsection (1) may elect health
4 insurance coverage in a health benefit plan or plans as authorized
5 by section 50b. A former qualified participant who is eligible to
6 elect health insurance coverage under subsection (1) may also elect
7 health insurance coverage for his or her health benefit dependents,
8 if any. A surviving health benefit dependent of a deceased former
9 qualified participant who is eligible to elect health insurance
10 coverage under subsection (1) may elect health insurance coverage
11 to begin at the death of the deceased former qualified participant
12 in the manner prescribed in this section.

13 (3) An individual who elects health insurance coverage under
14 this section shall become a member of a health insurance coverage
15 group authorized pursuant to section 50b.

16 (4) For a former qualified participant who is eligible to
17 elect health insurance coverage under subsection (1) and who is
18 vested in those benefits under section 75(2)(a) or (c), and for his
19 or her health benefit dependents, this state shall pay a portion of
20 the health insurance premium as calculated under this subsection on
21 a cash disbursement method. An individual described in this
22 subsection who elects health insurance coverage under this section
23 shall pay to the retirement system the remaining portion of the
24 health insurance coverage premium not paid by this state under this
25 subsection. The portion of the health insurance coverage premium
26 paid by this state under this subsection shall be 90% of the
27 payments for health insurance coverage under section 50b. If the

1 individual elects the health insurance coverage provided under
2 section 50b, this state shall transfer its portion of the amount
3 calculated under this subsection to the health insurance fund
4 created by section 22c.

5 (5) For a former qualified participant who is eligible to
6 elect health insurance coverage under subsection (1) and who is
7 vested in those benefits under section 75(2)(b), and for his or her
8 health benefit dependents, this state shall pay a portion of the
9 health insurance premium as calculated under this subsection on a
10 cash disbursement method. An individual described in this
11 subsection who elects health insurance coverage under this section
12 shall pay to the retirement system the remaining portion of the
13 health insurance coverage premium not paid by this state under this
14 subsection. The portion of the health insurance coverage premium
15 paid by this state under this subsection shall be equal to the
16 premium amounts paid on behalf of retirants of Tier 1 for health
17 insurance coverage under section 50b. If the individual elects the
18 health insurance coverage provided under section 50b, the state
19 shall transfer its portion of the amount calculated under this
20 subsection to the health insurance fund created by section 22c.

21 (6) If the department of management and budget receives
22 notification from the United States internal revenue service that
23 this section or any portion of this section will cause the
24 retirement system to be disqualified for tax purposes under the
25 internal revenue code, then the portion that will cause the
26 disqualification does not apply.

27 **SEC. 79A. A QUALIFIED PARTICIPANT WHO WAS FIRST ELECTED TO THE**

1 LEGISLATURE AFTER JANUARY 1, 2011 IS VESTED IN THE HEALTH INSURANCE
2 COVERAGE TO THE EXTENT OF PAYMENT OF 42% OF THE PREMIUM PROVIDED IN
3 SECTION 79 IF THE QUALIFIED PARTICIPANT HAS COMPLETED 14 YEARS OF
4 SERVICE AS A QUALIFIED PARTICIPANT. COVERAGE FOR A VESTED FORMER
5 QUALIFIED PARTICIPANT UNDER THIS SECTION BEGINS WHEN THE FORMER
6 QUALIFIED PARTICIPANT BECOMES 62 YEARS OF AGE. A FORMER QUALIFIED
7 PARTICIPANT WHO HAS COMPLETED LESS THAN 14 YEARS OF SERVICE IS
8 ENTITLED TO HAVE THE RETIREMENT SYSTEM PAY A PERCENTAGE OF HIS OR
9 HER HEALTH INSURANCE PREMIUM UPON REACHING 62 YEARS OF AGE. THE
10 PERCENTAGE THAT THE RETIREMENT SYSTEM SHALL PAY WILL BE 3% FOR EACH
11 YEAR OF SERVICE UP TO A MAXIMUM OF 42% FOR 14 YEARS OF SERVICE.